



Office of the President and
Chief Executive Officer

National Headquarters
430 17th Street, N.W.
Washington, DC 20006

June 25, 2019

The Honorable Mike Thompson
Chairman, Subcommittee on Select Revenue Measures
Ways and Means Committee
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Adrian Smith
Ranking Member, Subcommittee on Select Revenue Measures
Ways and Means Committee
United States House of Representatives
1139 Longworth House Office Building
Washington, DC 20515

Dear Chairman Thompson and Ranking Member Smith,

As you examine the impact recent changes made to the federal treatment of state and local taxes have had on taxpayers, it is my hope that you will also review how other revisions to the tax code have impacted charities like the American Red Cross.

Since our organization's founding in 1881, the American Red Cross has been dedicated to serving those in need. While the Red Cross is always seen during times of natural disasters, we also serve the U.S. armed forces, veterans and their families; we offer lifesaving training and education; we're the nation's largest supplier of blood products; and we assist our neighbors around the world through our international humanitarian services. We can only deliver these services through the power of volunteers and the generosity of our donors. With between one to two percent of our annual funding coming from government, we overwhelmingly rely on the generosity of the American people to fund our vital work, as do the many local and faith-based organizations who make up our partner network across the country.

For over 100 years, the charitable tax deduction has encouraged Americans to give back to their communities by providing a tax deduction for their nonprofit charitable contributions. The Tax Cuts and Jobs Act (TCJA) nearly doubled the standard deduction threshold resulting in fewer people taking advantage of the charitable tax deduction.

Since the passage of the TCJA, the number of middle-class households itemizing their deductions has dropped significantly. Our survey of American Red Cross donors shows that while 70 percent of respondents itemized deductions last year, only 43 percent itemized deductions this year. This change puts a heavy burden on charities like the Red Cross, which depend on donors of all income levels. Many middle-income taxpayers, absent the incentive of a tax deduction, simply do not have the additional disposable income to regularly give to their charity of choice.

Americans are generous by nature and give often to the causes they support, but as we have seen year after year, the charitable tax deduction is an incentive that encourages Americans to give more. For example, a review of Red Cross donations during the year shows an average of nearly 4,000 donations per day. That average increases to more than 10,000 per day during the

holiday giving season between Thanksgiving and New Year's Eve. On December 31, the last day of the year, the number of donations jump to more than 100,000 in a single day. This jump can only be explained by the fact that people are taking advantage of the charitable tax deduction.

A recent survey by Independent Sector, a national membership organization that represents the charitable sector, estimated that as a result of fewer people using the charitable tax deduction, overall giving to charities could be slashed by \$19 billion a year. That's why, the American Red Cross has joined forces with other human service sector non-profits like the Alliance for Strong Families and Communities, American Cancer Society, American Heart Association, Big Brothers Big Sisters of America, Boys & Girls Clubs of America, Catholic Charities USA, City Year, Feeding America, Girl Scouts of the USA, Girls Inc., Goodwill Industries International, Inc., Habitat for Humanity International, The Jewish Federations of North America, Lutheran Services in America, Mental Health America, National Council on Aging, The Salvation Army, United Way Worldwide, Volunteers of America, YMCA of the USA, and YWCA USA to advocate for making the charitable tax deduction universal so that all taxpayers who make a charitable gift can claim it, regardless of income or whether they itemize or not.

Expanding the charitable tax deduction to include all taxpayers, not just the wealthy, is a matter of fairness. Every individual and family who donates to charities, regardless of the amount they give, should be given the same opportunity to deduct the money they give away to help others. A universal charitable tax deduction is an easy, simple fix to our tax code that will save millions of middle-class tax payers money on their taxes.

Therefore, the Red Cross supports H.R. 1260 – To Extend the Charitable Deduction to all Taxpayers, sponsored by Rep. Danny Davis (D-IL-07) and H.R. 651 – Charitable Giving Tax Deduction Act, sponsored by Rep. Chris Smith (R-NJ-4). Both pieces of legislation are part of a bipartisan effort that would allow taxpayers to write-off charitable donations on their taxes whether or not they choose to itemize, essentially making charitable tax deductions universal regardless of a taxpayer's income.

Charitable giving is a key American value and a critical component of our nation's ability to serve families in times of crisis and need. I urge you to consider the positive impact that making the charitable tax deduction universal would have on charities like the American Red Cross and on the thousands of local and faith-based nonprofits we partner with and are the very backbone of most communities. Please support every American taxpayer's ability to take the charitable tax deduction and ensure our nation's charities can continue to serve their fellow Americans day after day and year after year.

Respectfully,

A handwritten signature in black ink, reading "Gail McGovern". The signature is fluid and cursive, with the first name "Gail" and last name "McGovern" clearly distinguishable.

Gail J. McGovern